

Minutes of the Regular Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Monday, April 23, 2018, at 6:00 p.m. at the City of South Tucson Council Chambers, 1601 South 6th Avenue, South Tucson, Arizona.

Staff Present: Veronica Moreno, Interim City Manager/City Clerk
 Lourdes Aguirre, Finance Director
 Mick Jensen, Planning
 Angel Lopez, Public Works Director
 Chief Amado, Public Safety
 Bobby Yu, City Attorney

Council Present: Bob Teso
 Herman Lopez
 Paul Diaz
 Vanessa Mendoza
 Rita Rogers
 Anita Romero

Others: Benny Young, Pima County

Mayor Teso called the meeting to order at 6:00 p.m., and led the Pledge of Allegiance.

ITEM #03 – INVOCATION – Vice-Mayor Lopez led the Invocation.

ITEM #04 – ROLL CALL – All members of the Council were present, except for Councilman Patino, who was excused.

ITEM #05 – CALL TO THE AUDIENCE

Mayor Teso: Speakers are invited to come to the podium and address the Council or submit a written record. Presentations are limited to three minutes.

(No response from the audience)

ITEM #06 – APPROVAL OF MINUTES: Regular Meeting, April 9, 2018

Motion by Councilman Diaz to approve the minutes of the Regular Meeting of April 9, 2018. Seconded by Councilwoman Mendoza. Motion passed unanimously.

ITEM #07 – UPDATE – SOUTH TUCSON DEVELOPMENT

Ms. Moreno: Thank you, Mayor and members of the Council, good evening. The item we have on the agenda is the update on the South Tucson Development Plan. Pima County has offered to assist the City of South Tucson ...

(Noisy background)

Ms. Moreno: ... (inaudible) development concept (inaudible) the southern part of the City. Pima County has already obtained the services of a previous South Tucson Manager (inaudible) Mr. Benny Young, to assist with this effort and I think we are so lucky to have him back. Everybody loved working with Benny and I'm sure he (inaudible). So, thank you, Benny, for coming down. And (inaudible) outside expert assistant as well. This will have no cost to the City. We have one staff member working with Mr. Young, who is Mr. Mick Jensen, who is sitting in the audience. He will be up here to help Mr. Young as he makes his presentation. And (inaudible) on March 29th was held with Mr. Young, and he will give the Council a brief presentation on the results of that charrette.

Mr. Young: Thank you, Madam Manager. Mr. Mayor, members of the Council, it's a pleasure to be here. I have a great fondness for South Tucson and I thank you for the time that you gave me here on a previous tour of duty, so to speak. I went to California for a couple of years and returned in the middle of the summer last summer. So Pima County asked me to undertake a special assignment involving South Tucson, which I will show you a little bit more about as we go through the Power Point that we have for you this evening. I'm going to move through the slides very quickly, Mr. Mayor, but I'll be available to answer any questions that you might have. One reason I like to move through them quickly is we've given you each a copy of what is on the slides that I will show you this evening so you can go back at your leisure and look at it in more detail, if you'd like to. What I would like to do, if I can, is get to the next steps in the process and make sure that you are still interested in having Pima County available to perhaps assist with identifying opportunities on the south end of South Tucson; specifically, the 63 acres that are shown in the red cross etching on, 63 acres, excuse me, that's 36th, that's the railroad, that's I-10, that's 40th, 4th Avenue. So that's the particular focus of the design (inaudible) that I'm about to summarize for you. About a year ago, Chuck Huckleberry, the City Manager for Pima County, County Manager, rather, sent a letter to your previous City Manager and offered to take the County's resources available to assist in identifying opportunities within that area, should that be your desire. I started working with Pima County right after Labor Day. I'm just working half-time on this and a couple of other special assignments. But in December, we came to your Council and you authorized proceeding and so we have. I retained the services where the County has Corky Poster with Poster Frost Mirto and Associates, seasoned architects and land (inaudible), very familiar with, not only the South Tucson community, but the larger Tucson community, to assist in this effort. Three years ago, we, when I was with South Tucson while an economic vitality report to the Mayor and Council, we discussed some ways that we might create incentives for development in that red crossed etched area. And the Council approved the designation of part of that area as your central business district, which makes it eligible for GPLET, that's Government Property Lease Excise Tax. I'll explain more about that when we get a little further in. You also authorized the staff, at that time, to talk to the City of Tucson with regard to possible extension of the South Tucson boundaries east, west, and north. The focus of the current effort is the 63 acres that I've outlined; Greyhound Park, Borderland Construction, there's some other small property (inaudible) Holsum. Primavera has a property right there, and then what everybody colloquially calls the Spanish Trail property. And recently, part of that sold and we'll get, I'll explain that a little bit later on, and there's still 11 vacant acres around the area that sold. And you (inaudible)

you have a variety of owners. The largest owners are Centro Cristiano, 4D Properties, and (inaudible). And (inaudible) also has two small hotels in that area. I happen to believe there are tremendous opportunities in South Tucson and when the County Administrator asked if I would be willing to assist with this, I gladly took the assignment. And thank you for being willing to support the efforts as well. On March 29th, we had a charrette (inaudible) office on South 6th Avenue. And one of the things we did is show the group that gathered there, by the way, we extended 27 invitations to property owners and stakeholders within the area, 28 people showed up from, as a result of those invitations and then in addition to that, there were some staff, a total of 10, there was about 35, so it was a very good turnout, very positive discussion, very good exchange of information. I'm really optimistic about the discussion that took place that day. But for context, this is South Tucson, the 63 acres. Then right over the fence, in this case the fence is a railroad track, from you is the Bridges. There's a parcel right here and then the rest of that is the Bridge and we'll talk a little bit about that. And then the County owns the Kino Sports Complex. The part that's developed is Kino North and Kino, we're calling it Kino Central now. The County also bought 167 acres south of Interstate 10 as a process of developing a major soccer complex. The first 12 fields will be under construction before the end of the current year. And I will show you more of that area a little bit later. So that's your context. There's a lot going on, a lot going on with the Bridges, as you know, and (inaudible) in just a minute. These were the people that were invited. These are the people that attended and signed in. This is a presentation that Corky Poster gave to the group that was assembled on March 29th. I'm not going to take a lot of time with this, Mr. Mayor, with your indulgence, because I would really like to get to the next steps, with your permission. But we talked about that there's quite a bit of activity getting ready to happen on Kino South. This would be Kino Boulevard (inaudible). The first 12 fields right there will be part of their design and will start construction, I think, this fall and be done by year end with that. There's commercial frontage, and I've been assigned to try to help work on economic opportunities for that commercial frontage along Kino Boulevard and Benson Highway. The County's objective is to raise the (inaudible) for everybody; South Tucson, the City of Tucson, the University of Arizona, and then Pima County's own property south of Interstate 10 (inaudible). The Bridges, that's a blow-up of the Bridges and you all probably realize that the University of Arizona has the frontage along Kino Boulevard, Martin Luther King Way, that's the major exit to the east from the Bridges. And they're going to develop that in three precincts. The southern precinct, this one right here, is University of Arizona, and they're securing a master developer for that as we speak, and I expect an announcement shortly from the University of Arizona with regard to what would take place on that piece of land. The big news a couple of months ago was that Bourne Partners bought 112 acres, it's all outlined in yellow, there, there, there, and then right next to South Tucson, just over the railroad tracks along the, just north of the frontage road. There's Park Avenue. And they plan to build a Geico Regional Headquarters on that site. It's 200,000 square feet, maybe 2,000 employees. So these are quite, there's already been a lot of development that's taking place in the Bridges, most of it commercial at this point in time. So this will be the first major employer in the Bridges. So let's talk about South Tucson, and I apologize to those of you in the audience and I have some maps here that I may refer to with the Council, but they'll be available after the meeting, if you would like to look at them. I'll be happy to stay around and try to answer questions. So, in South Tucson, there's the 63 acres that was the subject of the charrette, planning charrette. I like to think of it as more of a brainstorming and information sharing opportunity for people that have a stake, a direct stake, particularly the property owners in that area. Three years ago, we brought this economic vitality report to your Council, and that, of course, shows the entirety of South Tucson and the area that we're dealing with this evening and dealt with at the charrette is this area right here, the southeast corner. You directed staff to adopt, to try to find incentives to attract new businesses, to retain and

expand existing businesses and to evaluate the potential for expanding the (inaudible) South Tucson. And I'm happy to tell you that in April of 2015, you created a new redevelopment area central business district within the 63 acres. And that opens it up to an incentive for capital investment called GPLET. The way that works is the property is deeded to the City. And then the tax, property taxes are waived for up to 8 years as a way to incentivize capital investment within the area. The City of Tucson uses that tool quite a lot in their downtown redevelopment. They have two things going for the GPLET in Rio Nuevo. Unfortunately, we can't get into Rio Nuevo from here. We still have GPLET, and we have another tool (inaudible). There was some talk about possibly extending the borders at some point over to Park Avenue on the east, 22nd on the north, and I-10 on the west. I met with the City of Tucson and at that time, there was kind of a cool reception of that idea. I don't think it's dead forever. And there might be ways that parts of that would come over to South Tucson at some point, if there's a willing partner and the city is willing to de-annex it in the interest of accessing that GPLET tool. (Inaudible) could still come in, add it to your (inaudible). So, the current Central Business District GPLET area is this outlined in grey. So it includes the old Spanish Trail, it includes the vacant property between 4th and 6th, and part of the Borderland Construction (inaudible). At the time, we thought we were governed by State law that said you can have no more than 5% of the land included in the GPLET eligible area. So 5% of South Tucson is that grey area. It's about 37 acres. I'm now thinking we may be able to do more than that and I'll tell you a little bit more about that in just a minute. Those are the property owners in the area. The subject for that day is how can we assist these landowners and South Tucson and Pima County's preliminary criteria (inaudible). It should increase the South Tucson tax base. That's really important to you, and you have a report on your agenda tonight regarding the condition of your revenues and your expenses moving into next fiscal year. And anything that can be done to strengthen your retail tax base, in my opinion, will be healthy for your community and it brings your sustained revenue for the long-term. And we also felt it should be (inaudible) South Tucson. (Inaudible) bought the old Spanish Trail (inaudible) 5 or 6 of the roughly 17 acres. There's still 11 acres surrounding the actual what used to be the developed Spanish Trail property. There's a new incentive with federal tax law called Opportunity Zone. It was part of the tax law that Congress passed at the end of last calendar year. And that's a fast incentive for investment in disadvantaged areas. And on your behalf, the Pima County submitted the entirety of South Tucson to the federal, to the governor and that went forward to the federal government to create an opportunity zone to include all of South Tucson. And I'm proud to tell you, or pleased to tell you that last week, the federal government approved the County's submission so South Tucson is eligible to have an Opportunity Zone. The laws around how you establish opportunity funds, which would be the funds you (inaudible), for lack of an easier way to say it, that would be used to harbor the investment capacity for disadvantaged areas and are still being written by the U.S. Treasury, but I expect them to be available by the end of the year. This could be substantially, it could substantially be another tax incentive. On the infrastructure, we talked about the Old Pueblo Trolley's desire to come down 4th Avenue into South Tucson to the Greyhound Park (inaudible) they have a warehouse, a museum at the northwest corner of 36th and 4th already. We talked about the RTA recently programmed some funds, that's 40th Street to put signals in at 6th and 4th, and I think, it's my opinion there's likely enough money to connect, to upgrade 40th Street between 6th and 4th so that you would have a nice connection, which might be an incentive for development of a project (inaudible). There was a lot of discussion at the charrette about extending down to 40th Street and even maybe over to the Bridges. The impediment to that, of course, is the railroad and the associated cost. So that's not a near-term likelihood. ADOT has great plans for improvements along I-10 in South Tucson, which I think will help you over time. It will be a while. Their first phase for the I-10 corridor is a new interchange at Country Club. And then I expect they will work on upgrading the interchange at Kino

Boulevard, which is what this is showing as Kino Boulevard. And then the third phase, I hope would be working from Kino Boulevard to the I-19 interchange, which would come into and through South Tucson. So that's the slide I wanted to get to. It's the most important one. You have a few other slides in your packet. You have a complete summary of the notes that were taken during the charrette and what various property owners had to say. I thought it was very good. But these are the, kind of the takeaways that you've asked us all to consider South Tucson and Pima County that might help prime the area for possible development. And we may have some other partners to help with this, like the University of Arizona. Takeaway number one, maybe do an area market analysis to show what the opportunities are for this area; considering what's going on over the fence at the Bridges; what may happen on the County's soccer complex development. The University of Arizona indicated during the meeting that they might be able to support an effort like that. Second takeaway was that some kind of an infrastructure (inaudible) analysis. There's a lot of concern about whether or not there's adequate gas, power, water, sewer, and particularly transportation to serve more intense development between, along in the 63 acres that are the subject. There was a comment that seemed to be supported by several parties that South Tucson may be able to help serve the larger Bridges development, there, maybe there needs to be a larger vision of maybe some spinoff activity in South Tucson that relates back to the, like the Geico Center, for example. Item 4, which I really am interested in is some kind of continued coordination with the property owners with regard to South Tucson development opportunities. I mean everybody has the same information moving forward. I think there was some information put out that day that some of the property owners had (inaudible). So some kind of a possible coordinated effort with a South Tucson development involving continuing (inaudible) property owners seemed to be a group desire. And then, finally, your GPLET area. Right now, your GPLET area is just right in here where I'm circling with red. Mick Jensen and I have gone back and relooked at the law that allows the creation of GPLET and we now believe that there may be a way to expand GPLET in South Tucson, have a larger area that'd become eligible for the use of that tool. And so, one of the takeaways is that we explore the possible expansion of your GPLET area to cover a larger area which would have more incentive for more property owners. I was particularly interested in a way to maybe have the old Greyhound Park, right now they're not in your GPLET, but if you could get them included and maybe you'll want to consider going down 36th and cutting it off at some point so that you have a larger area where that tool could be used. So that's one of the takeaways. Here's my summary for you, Mr. Mayor, members of the Council and I'll be happy to answer questions. The County is willing to stay involved, if you want us to. I've talked to Mr. Huckleberry and he's willing to recommend, obviously, he and I report to another group of elected officials I think have been very supportive in assisting South Tucson in any way that we can. It's important to all of us to raise the boat, so to speak, for the south side of the community. As you know, much of it's been under served historically. I don't need to get into all that, but the County is interested in raising everybody's boat; South Tucson, Pima County, the City of Tucson, the University of Arizona, so we've got four entities involved. So if you would like for us to, the County is willing to stay involved to make some of my time available to assist with this. And so, if you would like for us to, I plan to work on these key takeaways and in the consultation with your Manager and your fine staff, keep moving forward. And there's nothing specific developed (inaudible) yet, but there's a lot of, there's a wide range set of opportunities that maybe the next step would be to clarify some of what you would like to see, as well as the property owners. Mr. Mayor, thank you for your time. That's my update.

Councilwoman Rogers: I have a ...

Mr. Young: (Inaudible) ...

Councilwoman Rogers: ... question.

Mr. Young: ... try to answer any questions.

Councilwoman Rogers: Mr. Mayor, I have a question. Just, Mr. Young, thank you for that presentation. Mr. Teso and I were both at the original presentation of this, so this was very good to have a review, the charrette.

Mr. Young: Thank you.

Councilwoman Rogers: It was very good. But, just things that I had written before you presented was what would be the expert outside supplement?

Mr. Young: That was the Poster Frost Mirto, retained them to help me with the charrette.

Councilwoman Rogers: Oh, I wrote that down. Okay.

Mr. Young: And I ...

Councilwoman Rogers: Corky Poster?

Mr. Young: Yes, yes.

Councilwoman Rogers: Okay.

Mr. Young: I don't anticipate any other outside ...

Councilwoman Rogers: Okay.

Mr. Young: ... consultants right now.

Councilwoman Rogers: And then when is the IGA with you, Mr. Young, no longer effective, or expires?

Mr. Young: Well, you authorized in December the MOU.

Councilwoman Rogers: Okay.

Mr. Young: Which is a less formal version of it. An IGA is intergovernmental agreement. An MOU is a Memorandum of Understanding. You authorized your Manager to enter into that, if needed. After consultation with the County Attorney, they are fine that you didn't need an MOU for the County to help with this because it's in the overall economic interest of the entire region and the County is authorized to do that. So, we don't presently have a formal MOU. Some of these initial steps might lead to that. We will come back to you if necessary.

Councilwoman Rogers: Thank you.

Mr. Young: You're welcome.

Councilman Diaz: Mr. Mayor, I have some questions. Mr. Young, who is the contact people for the GPLET and the Opportunity Zones?

Mr. Young: I'll take 'em in reverse order. I probably know as much about Opportunity Zone as anyone in the County. So now, I'm trying to track everything that happens at the federal level. The next step is that the U.S. Department of the Treasury will write rules for how the Opportunity funds can be established and utilized. So that's what we're waiting to hear. The Opportunity Zone, I wish I would've had a slide for that, that was created, actually is very large. It's almost 25,000 acres so it starts in South Tucson, goes through the Kino Sports Complex, including the Bridges and down to Benson Highway, all the way to Wilmot, turns south and goes into the area around the airport. The County had an interest in a corridor down there called the Sonoran Corridor. So it picks up that whole area. And, so there'd be a massive opportunity (inaudible).

Councilman Diaz: But that's still in the future?

Mr. Young: Well, it's been approved so it's already an Opportunity Zone. What we don't know yet, Mr. Diaz, is what will hap-, what part of the rules around the establishment of opportunity funds ...

Councilman Diaz: Okay.

Mr. Young: ... (inaudible). On the GPLET, the City of Tucson are the resident experts on GPLET. And I'm in touch with their Economic Development group. And I think I have a pretty good understanding of how it would work. In simple terms, someone would bring you, the Council, a development proposal and say, I'd like to use GPLET for that. It has to work for you as well. So you get to decide whether you would want to use, make, even though it's, you might have an area like that that's GPLET eligible, you get to decide, case by case, whether or not you're happy with the project. And so one of the things I have told potential users of GPLET, who ask me, is that I think the City of South Tucson's Council will be very interested in strengthening the retail tax base. So it probably needs a retail tax, a retail commercial component for it to work for you. And secondly, that my opinion, and you all get to decide case by case, that it should be respectful of the City's commercial, excuse me, cultural heritage and not violate your ethic with regard to how you feel about the place and its great history, 77 years now, I think (inaudible). And a great, you know, for example, Pascua has a wonderful presence here. When I was your Manager, 750 tribal members, and if something could be done to help celebrate that wonderful heritage, I think that would be an asset (inaudible). When people ask me for my opinion, that's kind of what I'm telling them. But you get to decide. And if you don't think the project meets your criteria, then you can set some more specific criteria at some point, if you'd like to (inaudible) GPLET, then you get, you have the option of saying no, I'm sorry.

Councilman Diaz: Okay. Are there any secret meetings being held with developers yet?

Mr. Young: No, sir. I've had some calls.

Councilwoman Rogers: I have a lot of calls.

Councilman Diaz: From developers who are interested, but I'm not having any secret meetings.

(Laughter)

Mr. Young: I have, at the request of your previous Manager, met with a few people who are interested, just to share the same kind of information that I'm sharing with you. There have been no commitments whatsoever made on behalf of Pima County or not to mention you. One of the things I assured your previous, the composition of the Council, was that all of that would come back to you for approval. We're not going to go out, I'm not going to go out and make commitments on your behalf, or even to attempt to speak for you. But I will tell you what my opinion is ...

(Laughter)

Mr. Young: ... (inaudible).

Councilman Diaz: You show South 4th Avenue the straight line for the ra-, for the, the trolley.

Mr. Young: For simplistic purposes, that's the way we show 'em. They also, they have a much more extensive plan which many of you may be aware of, for, that would run east and west along 36th, maybe over to a pocket park that's being developed on the west side of 6th Avenue. And so I think they're amenable to a (inaudible), that would be my term for a short (inaudible) like that, that would help with, incentivize development in this area. So that's not meant to be a full depiction of ...

Councilman Diaz: Right, ...

Mr. Young: ... (inaudible).

Councilman Diaz: ... yeah. The railroad that's causing a problem, is there any discussion regarding that because it (inaudible) the City in quite a bit all the way down.

Mr. Young: Yes, sir. There was quite a bit of discussion at the charrette about that. Some of the people that would be interested in investing in South Tucson are a little worried about that as a barrier. And we had a preliminary dis-, we, not I, but one of the, the utility coordinator for the County talked to UP to find out what their plans were and they said, "We're planning to stay. Please don't undertake any discussion of removal of the rail line. We're planning to be there for the long-term," so my take on that is that whatever we come up with for development in this area, if we need to cross UP, we need to cross UP, we're going to have to find a way to capitalize the cost of doing so with a grade separation of some kind, either at 36th or maybe at 40th alignment (inaudible). So that's a significant cost factor that would have to be included in the more detailed plan moving forward.

Councilman Diaz: Okay. Thank you.

Mr. Young: They appear to want to say. There were some people that, the trolley was represented at the charrette and the spokesman for the trolley (inaudible) wonderful man said that he thought

maybe some day that line would be a commuter rail line from the downtown depot to Tucson International Airport. He's a lot closer to the people involved with the rail development (inaudible).

Mayor Teso: Are there plans for modifying I-19/I-10?

Mr. Young: No. The plan that ADOT, and I do have a conceptual plan. They've developed a conceptual layout on what would happen along I-10. And it kind of picks up at the interchange (inaudible). It would be widened through South Tucson and the frontage road (inaudible). I think there's a (inaudible) better access (inaudible). The downside for (inaudible) will take some period of time, a few years, because these are very big, very complex projects. And if I were to venture an educated guess, I would say five to ten years before you'd see anything in South Tucson. I'm of the opinion that we shouldn't let that deter moving forward if there's a proposal for development that works for you and for the parties making the proposal. I don't think you should have to wait on I-10, ...

Mayor Teso: Right.

Mr. Young: ... we'll find a way to make it work.

Mayor Teso: Yeah.

Councilman Diaz: One more, another question. In regards to the zoning, obviously, it falls under the administration portion of our ordinances, zoning does.

Mr. Young: Yes.

Councilman Diaz: But the appeals and the variances do come before the Council. So, most of these will be discussed before the, I guess they comply with the zone. Right? And they would, more or less, be approved at that level, or are we going to approve first and then go to the Zoning?

Mr. Young: So about halfway through your packet, I didn't bring it up.

Councilman Diaz: Okay.

Mr. Young: You can ...

Councilman Diaz: (Inaudible).

Mr. Young: ... see there's a layout of the current zoning in that area. And most of it is SB1 and SB2, and those allow most all uses. Part of it is industrial, like Holsum is industrial, and Borderland Construction yard is industrial. And that, for business residential uses. So, for residential use (inaudible) proposed on the Borderland property. That would take a rezoning for it to happen. But your zoning appears to allow the flexibility that's needed for investment in this area, in general terms. There might be some exception, but you're the ones that get to set the tone. If there were a zoning change, you're the ones that get to decide whether or not you would allow the zoning change. So, right now, they would have to develop consistent with the zoning you all have. If you look about

halfway through, you'll see an existing zoning laid out and a description of what, what those zones are.

Councilman Diaz: Okay. Thank you.

Councilwoman Rogers: Mr. Mayor, I have a question. I'd like to ask you to find out what Mr. Diaz means why a secret because I want to state this very clearly in the minutes in full disclosure, I probably know four out of four of the developers. And any time you wanted to, if they wanted to meet with me, anybody is willing to come to lunch with us, or to the office, or whatever. Now always, they know that they have somebody who will listen now and they'll be there. So, I want to know what you mean by secret, 'cause it's not a secret to me. And I'm not talking about anybody in this room. I'm talking about four out of four that were at the same thing you and I were.

Councilman Diaz: I'm glad you clarified that.

Councilwoman Rogers: They really get a hold of me and I've got ...

Councilman Diaz: Right.

Councilwoman Rogers: ... emails and calls and, so I don't think it's a secret. I want it in the minutes.

Councilman Diaz: Thank you for clarifying that.

Mr. Young: Mr. Mayor, if I may to that point, any time you have a developer approaching one of you, and you want it screened, feel free to refer them to your Manager and she can get them to me. I'll be happy to talk to them. There'll be no secret. You know, and then it's not a meeting that violates the open meeting law if I, as County Staff, in a way, as an extension of your staff, just finding information and talking about the process and, ...

Mayor Teso: Right.

Mr. Young: ... you know, what has to be done, that's not a secret meeting. That's just a working level discussion about possibilities at staff level. It only gets to be an issue under the open meeting law when it involves a majority of your Council.

Mayor Teso: Right. I understand that.

Vice-Mayor Lopez: Mr. Mayor, I've got a question. Mr. Young, a systematic coordinated plan, have they found a, a leader that's going to get that plan going or, or is that you?

Mr. Young: That's a great question.

Councilwoman Rogers: (Inaudible).

Mr. Young: You may be looking, I don't, I don't know about the leader part, but I have not, I'm glad you asked that question because I wanted you to see this before I routed it back out, before Mick and I route it back out to the participants of the charrette. So, I don't have a good feel for how that

translates just yet, coordinated effort. At the very least, it's information sharing and maybe convene the group and talking about ways we can work together. Right now, there's not anyone else to pull people in other than the guy you're looking at. And when it gets to the point where we're outlining a definitive proposal, we will get back to you. One of the things the County committed to, at the request of the previous Mayor, was not to make any land use commitments on behalf of South Tucson. That's your domain, that's your (inaudible). So I will not be doing that. Even if people convene and, it was never my thought that we'd come up with a prescriptive plan for this, that you have to do this here and that there. You know, it was mainly to convene (inaudible) discussion (inaudible) information out that could help people make business decisions. And at some point, I'd like the business community to start to think about all of that and make proposals to you for development consistent with whatever you would like to see happen with that area. And so far, I've been telling 'em retail tax base, history, culture, tradition of South Tucson. And that's about all I've said. And I've made it clear those are my, that's my feeling with regards to what needs to be done. At some point, you would need to ratify that.

Mayor Teso: Thank you very ...

Mr. Young: There's no ...

Mayor Teso: ... much.

Mr. Young: ... systematic (inaudible).

Mayor Teso: Are there any more questions?

(No questions from the Council)

Mayor Teso: Thank you very much, Benny.

Councilwoman Rogers: Thank you.

ITEM #08 – STUDY SESSION – FY18 QUARTER 3 REPORT AND GENERAL FUND OPTIONS REVIEW

Motion by Councilwoman Rogers to exit Regular Session and enter into Study Session. Seconded by Councilman Diaz. Motion passed unanimously.

Ms. Moreno: Thank you, Mayor, members of the Council. This is the second series of several meetings that we'll be having here with Mayor and Council for Study Sessions regarding the fiscal year '17, I'm sorry, '18-'19 budget. And Lourdes, this evening, the particular items that Lourdes will be covering this evening are (inaudible) going into next year's budget. So she'll be talking about some of those options and revenues that the City has already implemented, and looking into what we can do moving forward. Please feel free to ask her any questions (inaudible) the agenda. There's, this is a pretty thick item here. I don't think she's going to go into it in detail but there's commentaries at the bottom of some of the information you have before you.

Ms. Aguirre: Thank you, Madam City Manager. Mr. Mayor, members of the Council, this is your quarterly update. As of March 31st, that signaled the end of the quarter three. And so, what I've provided to you all is a General Fund Update in summary format with graphs. What I've done this time is I've gone a bit further and I've provided a lot of detailed reports to include all funds. I've also included notes at the bottom of those reports and I've (inaudible). So, if you would like to consider first the General Fund summary and the graphs. As you can tell, revenues are running a little behind. At the end of March, 75% of the fiscal year has elapsed, yet revenues were at 68.3%, and expenses, 67.3. So, expenses were running just slightly below revenues, creating a slight surplus at the end of March of \$31,000. Now what we will see as we head towards the end of the fiscal year, we will see a lot more revenues and a lot more expenditures (inaudible). So we will keep you posted. Going onto page 2 of the Financial Report where you see some of the graphs, I typically like to point out any areas where we're experiencing higher than usual activity or lower than usual activity. So looking at revenues, sales tax is running a little behind, and that's what I'm going to be mentioning this entire time. Licenses and permits are running a little higher, okay, at 3%, that's where they were at at the end of March. There's been slightly increased activity in permits, the issuance of permits.

Councilman Diaz: Excuse me. Do you have a slide for that?

Ms. Aguirre: No, Mr. Acting Mayor. Actually, this is on the report.

Councilman Diaz: Okay. Okay.

Ms. Aguirre: So, the structure of this specific study session was to review first in report format, the actual reports. And then after that, we'll go into the presentation.

Councilman Diaz: Okay. Thank you.

Ms. Aguirre: Okay. I'm sorry.

Councilwoman Rogers: I couldn't find it either.

Ms. Aguirre: So, Mr. Mayor, members of the Council, it begins with this page. And at this point, I'm reviewing revenue and expenditure graph. So, I just briefed you on a bit of the activity we've seen come through in the revenues. When it comes to expenditures, you'll see the City Manager's line item is pretty high. It's nearing 99% of budgeted capacity. And the reason for that is the increased outside legal service fees. So the representation in litigation, a lawsuit. Another area that you will see that exceeds the 75% is Finance. That's only because the audit was completed in May and so that augmented our expenditures at that point. The bond payment (inaudible) at 75%. When it comes to Debt Service and Settlements, you'll see it's actually kind of caught up. For a while there because of the Waste Management settlement payment, that expense line item was running a bit above, above the budget, above where it was supposed to be at that point in time. The payment is made in the beginning of the fiscal year. So we took on that expense early on. And here, coming up towards the end of the fiscal year, the City will be making a \$43,000 payment for the jail settlement. This will be year two on that revised extended jail settlement which was, last year extended from 10 to 20 years in order to help the City pay according to its cash flow circumstances. Non-departmental, you will notice its tracking quite a bit below budget. The reason for that being that we are still waiting to receive a bill from the jail, Pima County Sheriffs Department and also from Animal Control. Pima

County Sheriffs Department is about a month behind and Animal Control is about two months behind. If you turn to page 3, what I've done in this report here, these graphs, is I've compared the revenues and expenditures for this year to previous years, previous years, the same time, to show whether the trend is there, whether we are following a bit above the trend, or behind. So just by looking at it, it seems like fiscal year 2018 is pretty much in line with the way it was tracking in 2015 and '16. When it comes to expenditures, it's tracking below. Now if you'd like to follow me on the second set of reports, which are for all funds, and I'll try to go through these as briefly as possible because there's a lot of pages here, there's 40 pages, and a lot of detail. I welcome your questions but I will point out certain things that I feel may be pertinent. Everything is very useful, but I'll point out anything that sticks out. First of all, just to go over the fund balance overview, it's that table, first page, right after that cover. So you see that after the end of March, this is government-wide. Government-wide, the City was running a deficit, a deficit of \$21,000. And so that dipped into fund balance. The second page give you a little bit of detail as to what makes up non-major funds, non-major government funds. Now going into the detailed reports, starting with page 1, and some of the things I point out are based on questions that I've received in the past. So, you might be interested in them. Beginning with page 1, one question that I've been asked in the past is why are revenues for DEA tracking below budget? You might notice DEA is listed under intergovernmental revenue. The reason for that is that DEA pretty much is the one with the ability to schedule a task force operation and utilize the South Tucson Police officer station (inaudible) the way they see fit. So the way this money is spent or reimbursed is not up to the City but to DEA. Going onto page 2, you'll notice there that there is a decline in Fines and Fees. The ones that I've highlighted in yellow are the ones that get transferred from the General Fund to their own restricted fund, and those are for specific uses by the Courts. The section titled "Miscellaneous Revenue", we have some comments there pertaining to impound fees so the same thing has happened; we move those amount of revenues in impounds to Fund 405. And we also give a bit of insight on what that restitution amount is down there and why it's not included with Fines and Forfeitures. I'd like to skip onto page 4. City Manager/Administration; so that highlighted area there for outside legal services, that's for all those bills for representation in outside legal in that lawsuit, that's where it's all being posted to. Mayor and Council is running well below budget. Page number 5, we've seen a bit of increase in that highlighted area in Magistrate Court for attorney services. This is for public defender expenditures. So, there has been quite a bit of use of a public defender, and just like there should be for proper representation. The other section under City Clerk that I highlighted has to do with election fees and that's only because you don't see much in there but we are expecting about \$5,000 to come in from Pima County for the cost of the most recent election that took place, and that will be posted to the books in April. Page 6, the Finance Department, that's where you see that highlighted area, the bulk of, or all of auditing fees have been charged and that's done and over with. We have recently received the fiscal year 2017 audited financials and I will be distributing them to all of you. That will be followed with a detailed memorandum indicating the posting requirements that will satisfy, as well as when we can expect the Director from the auditing firm to come down and give a presentation. I always like for them to come down and give an outside commentary to Mayor and Council as to what it is they view to be the highlights of that year, and areas of concern. The area title "Information Technology," page 6, we have, I pretty much detailed what's in contracts under IT, for IT contractor, website hosting, and the alarm system. Equipment, we anticipate having to spend some money to replace the server or actually, I'm sorry, not to replace but to add server capacity for the police department's body camera footage. So, that, we think will run about \$12,000, that's according to the quote that we received. Page 7, the highlighted section in Developmental Services is savings in that area for the vacancy in Planning and Zoning Director. Fire Department, you'll see there the highlight for State Retirement. The comment that I added to that at

the bottom was just to get Mayor and Council thinking about payments that will have to be satisfied, the contributions that will have to be satisfied. What I mention here at the bottom of the page is that the required contribution by PSPRS for the fiscal year was about \$184,000 for the fiscal year. Once we applied for the 30-year amortized rate, the calculated amount was \$125,000. So we're a bit short, so actually paying that contribution off will help prevent the rate from rising in future years. Other things that you may notice in the Fire Department, increased cost ...

(Coughing in background)

Ms. Aguirre: ... (inaudible) repair and that's pretty much because even though the Fire Department has a newer fire engine, it is 20 years old, and so the required maintenance and repair. When it comes to equipment, they have some capacity there. They utilize the CDBG funds that they are awarded every year to help enhance their operations and the purchase of (inaudible). Turning now to page 8, when it comes to State Retirement, it's pretty much the same commentary that I had on the Fire Department. It's always a good motto to pay what is required by PSPRS to prevent contribution rates from increasing year over year. Same commentary with vehicle repair. The Police Department has a very aged fleet and so there's continued repairs and maintenance in that area as well. Equipment, the City of Tucson dispatch recently underwent a couple of upgrades in their system equipment and so that required for the City of South Tucson to also perform the same upgrade. To be able to do that, the City of South Tucson has purchased 12 what they call tough books or computers that are (inaudible). These are upgraded to be able to talk with City of Tucson dispatch, so 12, for a cost of \$42,000. The City of South Tucson was able to make use of the best quotes and contract rates available to the City of Tucson as well. There will be need, though, for another 10 to 12 units for the following year. Twelve will only satisfy about half of the units that the department will use. Page 9 is pretty much related to South Tucson Police personnel. Page 10, public buildings, I've highlighted there Operating Repairs. Just to let you know, the City doesn't or cannot really set aside that much, it doesn't have that luxury of setting aside a lot of money for contingent maintenance and repairs of the building; \$15,000 is what we did for this year, of which, so far, almost \$10,000 has been spent. Some of what was spent on was parking light repairs. Sometimes staff exits at later hours of the day and it's dark outside and so it just helps them for safety. But what we do have coming up is some roof repairs. So that's where you're going to be seeing some expenses coming through. Hopefully, we'll be able to save on the cost of repairs as our Public Works Department will be assessing the need for the repairs and performing it themselves. In non-departmental, insurance, that's property and casualty insurance. The payment's split up into four quarterly installments so, the final quarter installment will be coming up in June, the \$43,000. In Utilities, there may be some savings there only because when the numbers were being worked on last fiscal year, the library's utilities were still accounted for on our books. We had not performed the transition over. That happened this year. And so, the library's usage and cost, or expense, was included in this number here. So there might be a little bit of savings there by the end of the fiscal year. And as I've already mentioned, in Prisoner Detainment, we're waiting for the March bill to come through. It's been averaging about \$10,000 and Animal Control expense, we're waiting for February and March. The average for each month is about \$7,000, so \$14,000 is what we can expect to increase. I really don't have any other comments on page 11. And then after the General Fund, it's all these other individual funds. So you have from page 12 through page 17 is all Housing Authority. And really, I'll refrain from commenting anything on her, on Ms. Marilyn Chico's financials. She can do that when she is here, next time she reports. But I pretty much added some comments here to let you know how we function, how we operate, what we do for them. There's a dual verification system in place. So, City

of South Tucson Finance does some of the operations for the Housing Authority, but they also have an outside accounting firm that helps them comply with all those complexities of HUD requirements when it comes to reporting. Page 18 and 19, this has to do with HURF, the Highway User Revenue Fund. Now the Highway User Revenue Fund is collected. It's based on fuel tax dollars. The State splits it up. A big chunk goes to the cities and towns, but it's distributed based on census population. So there's a formula for that. The City of South Tucson gets what it is due based on its population of about 5,600 people. Larger cities get a lot more. There are other funds which are not received by the City of South Tucson directly and they are not recorded on our books. They are administered at a regional level through the Pima Association of Governments. Some of you may be familiar with that agency as they require all members of the region, all cities and towns surrounding us to come to the table and plan what, how they would like to see the money appropriated amongst all jurisdictions. We come up with four and five-year plans, which they post on their website as to how the money is going to be used, on which projects. So, I just wanted to let you all know there is additional HURF money assigned to the cities and towns so if you wanted to see what plans the City of South Tucson has for that money, you can go to that website and it tells you what the plans are. But this is for money received directly from the State. So, at this point, it looks like revenues are running a little below budget but this is typical of this time in the fiscal year. They generally tend to catch up. The estimates that are generated by the Department of Revenue for State-shared revenues is pretty much on point every single year. So, I expect for the revenues to come in. Page 19, what you see here is the expenditures that get posted to the HURF fund. Now these are all street-related expenditures. Everything that really goes to this fund is for Public Works in their work related to the streets. One item that you may see here that is trending quite a bit high is utilities. And I had received a question about that in the past as to what is being posted in Utilities. Well, actually what's being posted here is the cost for all the street lights in the City, city street, street lights. If you go back through our files, we can pull up our bills and every single bill from TEP related to a street light has its own identifying address, which the Finance Department has already gone through and verified with Public Works. So you might say, why is it trending higher than it was projected last year? Well, there's a couple of factors here, which I've indicated in my comments; one being last year there was a change in the amount of credits that TEP gave to governmental entities. It was about a 5% drop in the credits, along with increased rates that we've seen recently. Going onto page number 20, JVYC, this is for funding that comes from Pima County. Every year, they award \$113,000 to the City of South Tucson for us at the JVYC center; \$23,000 they award to the City. Of that \$113,000, twenty-three is kept by the City in order to be able to pay for utilities, and a couple of repairs and maintenance here and there. The rest of the \$90,000 goes to pay for youth services that are provided by Pio Decimo. We actually went ahead and we billed just recently for the second payment because that \$113,000 is split in two. So, we received \$56,500 at the beginning of the fiscal year and then we receive the other \$56,500 at the end of the fiscal year around April, May. So, as of the end of quarter 3, it was running a deficit of \$5,600, but it all catches up at the end. When it comes to page 22 and 23, this is for the Anti-Racketeering Fund related to forfeitures performed by the South Tucson Police Department in their various cases, everything that's being streamed through the federal court system and the State. My comment includes who, the who, right, who has custody of the funds, who has the authorization to spend, and also the how, how can it be spent, how are the reimbursements handled, and how to reconcile. As of the end of March, the South Tucson Police Department had about \$17,000 in the Anti-Racketeering Fund. Page 24 and 25, the award looks really large, right? This is for OCDETF, stands for Organized Crime Drug Enforcement Task Force. This money is for equipment used by DEA only. Now the funds are only passed through the City ...

(Coughing in background)

Ms. Aguirre: ... (inaudible) does not receive anything. So, in reality, the purchase orders, the requisitions, everything is submitted to the vendor of DEA's choice, for the equipment of their choice, whatever they need for their task force, for their operations, once we are billed, we pay, the City pays, and OCDETF, or Department of Justice, reimburses the City. So none of this money is for the City. Next page, we have page 26 and 27 that has to do with Stone Garden. Stone Garden, so this year there was two awards and there typically is two awards that run, they overlap with our fiscal year because they run federal fiscal, so they're issued sometimes in January, sometimes in October, and then they end the following fiscal. So that's why you see two awards there. The award for the current year that will end next year was \$60,000. And you may recall that when it was approved by you all. Page 28 and 29 have to do with the COST grant. This is a grant that helps cities and towns augment increase their staffing level, okay, by easing them into it. It helps cities like the City of South Tucson that have struggled a bit with its financials. . So, we entered this particular grant agreement, I believe, well, it was three years ago because it's going to come to an end this June. And what I've listed there is pretty much the reimbursement schedule that they follow. So it's like on a reverse percentage scale. Next year, year 4, the City of South Tucson, for those two officers that were hired on this grant will have to pay 100%. This was the last year at 75%. COST was paying 25%. We just recently received a letter, though, that indicated there may be a possibility to extend the grant a little bit longer if the City anticipates there being any unexpended funds at the end of June, which would be good if they allow the City to make use of that money. We will look into that further. Fund 320 has to do with CDBG contracts, or CDBG rather. This fund is also awarded on a federal fiscal year period and so you might see two awards in one fiscal year for the City. Anything that's left unexpended at the end of June rolls over to the following fiscal year. So, we'll be working on some of those numbers to update. On page 31, you see a couple of line items where we received funding in the second portion where it says 2018, so Fire Department received \$40,000 and this can all be used only for fire safety equipment for the Fire Department; \$10,000 for the Bicycle Safety Program; \$10,000 for Community Clean-up; and \$10,000 for Graffiti Abatement. Page 32, Fund 340, this is where we put a lot of the non-recurring grants. So, let's say we got a grant and we typically don't get it, put it here. So, what we have in here is 12% share from Pascua Yaqui. This is pretty much for our Police Department officers to provide off-duty coverage at their events. Cenpatico also awarded (inaudible) and, excuse me, but I'm unfamiliar with the use of that specific grant because it's administered by the courts. And Tohono O'odham awarded the City of South Tucson \$53,000 this fiscal year to be able to perform some building improvements at the John Valenzuela Youth Center. Currently, they are working on a couple of things over there at this time. If you follow me to page 34, Fund 360, that's the Explorer Program. This is pretty much holding Explorers fundraising and donations to help fund their activities and conference trips. So the kids do all their work. Page 36 has to do with EPA, and this is (inaudible) Planning and Zoning Department and has to do with the remediation of hazardous material, land testing, and that's about all I can tell you about that. There's two awards; one that was extended and will expire at the end of September, next fiscal year, and the award for \$3,000 that's good for three years so that will be expiring in 2020; \$300,000, and that will be expiring in the year 2020. The final two pages have to do with those (inaudible) items I mentioned at the beginning; Fund 402 and Fund 405. These are restricted funds that are transferred from the General Fund; 402 is for Courts, and 405 is for the Police Department. It has to do with (inaudible). And so, they use those funds the way they see best fit for their department and only on eligible expenditures. Now, I know that wasn't a very extensive review. I tried to be as brief as possible. If you have any questions, I'm available to take them.

Councilwoman Rogers: Mr. Mayor, I just want to say that how many more of these sessions will we have? Because, I need to get a lot of things straight but I'm letting you off the hook because I'm, a little too much for me, and I studied it.

Ms. Aguirre: So, Mr. Mayor and Councilwoman Rogers, this is just a quarterly report. The next quarterly report that I provide, I might just include some comments but not really go into that much detail and that one will probably come after the year has ended.

Councilwoman Rogers: I like the detail.

Ms. Aguirre: Good. So that one will probably come after the fiscal year has ended. That will report on quarter 4. But what we have coming up here soon, at the beginning of May, will be a revised baseline budget and estimated actuals, which will be handed out for you all to review. So, you may recall we went over the original baseline presentation and back in February, I had provided a detailed report for baseline, and estimated actuals, but now, we will now, I mean we've been allowed, what, three, four more months worth of data. And so that's really going to help us estimate where the City will end up at the end of the fiscal year and also create some closer estimates for next fiscal year. That's what the Finance Department is currently working on. And we hope to bring that to you all for review by the beginning of May.

Councilwoman Rogers: Thank you.

Mayor Teso: Any other questions?

Councilman Diaz: I have one. Will there be public input on the budget.

Councilwoman Rogers: There has to be.

Ms. Aguirre: Mr. Mayor and Acting Mayor Diaz, that's actually a part of the budget process. During the time when a tentative budget is being adopted, there is a section in time that allows for public input. We will also be reviewing some options here that were previously presented and I'll give you some insight on that. It has to do with public input as well.

Councilman Diaz: Thank you.

Councilwoman Rogers: Do we need to move out of Study Session?

Mayor Teso: Excuse me?

Councilwoman Mendoza: We still ...

Councilwoman Rogers: Are we going to move out of Study Session, oh, she may have a question.

Councilwoman Mendoza: No, we still have the presentation.

Councilwoman Roger: Oh, you're not, oh, you're not finished, sorry. Sorry, I thought you were finished.

Councilwoman Mendoza: That was this year's quarterly budget. Now ...

Councilwoman Rogers: (Inaudible) ...

Councilwoman Mendoza: ... we're heading into next year's.

Councilwoman Rogers: ... sorry. I wondered why you didn't go over all my questions.

Mayor Teso: Ms. Moreno.

Ms. Moreno: Just a comment, Councilwoman Rogers, so it just so happens that today was the time set aside for the Finance Director to go over the quarterly report for the third quarter, which is the same time for budget presentation.

Councilwoman Rogers: Okay.

Ms. Moreno: I think we forgot to mention at the beginning. I apologize. So it probably confused you. This is not something that we would typically do at every budget session. It just so happened that it was time that it would be time for the quarterly report, which is something she'll continue to do for all the fiscal year.

Councilwoman Rogers: I understand. Thank you.

(Simultaneous conversation)

Ms. Aguirre: So, Mr. Mayor, members of the Council, I'd like to now transition over to the second part of the Study Session, which has to do with General Fund option. We're going to review, we're not going to be able to discuss a lot of detail because we're currently working on the numbers to bring them back revised, okay. So this is just to get you all thinking about what we've been looking at over the last few years, what's been done, what hasn't been done. But first of all, again, we're going to go over briefly because we've talked about this quite a few times about the current budget structure. We're going to talk about our long-term debt, the options available, and what the City has already done. So, current budget structure, when it comes to the revenues, our biggest source is the (inaudible) sales tax. When sales tax are reduced, that affects the City's ability to fund services. The City can't pay for the services it provides. I've included some notes in here. Where it says "Miscellaneous Revenue", these are changes that we noticed going from fiscal '17 to the current fiscal year. So, from '17 to '18, it reduced by \$100,000 because the City sold the library, so there's no more library rent. When it comes to hotel occupancy, there needed to be some changes to update the City Code to be in line with State statutes, and the Model City Tax Code. So that also went away. When it comes to primary property tax, this is it right here. So, the City collects, currently in the fiscal year we're in, \$51,000. In the next fiscal year, it's going to be \$54,000. It went up a little bit. But still, that's only 1% of the General Fund. That's it, 1%. And I'd like to mention that that's not even enough to pay for a full-time police officer or a full-time firefighter. That's not enough. So here's your distribution when it comes to all departments. Your biggest department, Police. Fire. Administration,

it's all consolidated by all the departments; Manager, Clerk, Finance, Development Services. Debt Service, that's quite a big chunk right there, 50%. And that's because the City pays \$600,000 on its bond payment annually; \$600,000 every single year. And in non-departmental, what we have included are the bond payment, utilities, property and casualty insurance, the jail bill, animal control, (inaudible), etc. So this is your expenditure distribution for the current fiscal year. We've split it another way. Now, by department, by discretionary, fixed and payroll. Payroll, that's all your personnel expense. Of the 4.9 million dollar budget, 2.8 goes to personnel, so that's 57%. Fixed, which are the expenses you can't change, it's for contracts, for things that are absolutely required, that's 38%, and discretionary, 5%. Discretionary is everything that the City needs to operate; toner, paper, pens, all the little things that we need to operate. Currently, our staffing levels are around 40, 41 people, full-timers, okay, that's all we have. Here is a fund balance overview. General Fund, Housing, Youth Operations, RICO, those all stand alone. Here we have non-major, which we went over just a moment ago, which is all of the smaller funds. But all in all, at the end of March, the fund balance was sitting at \$440,000. Now that is less than 10% of the City's General Fund. And as I mentioned during the last presentation, City Manager's tend to recommend 20% be allocated, or be held in reserves. So 20% of the City of South Tucson's General Fund would be \$1,000,000. Auditors recommend, and they tend to see, cities and towns have 50% of their General Fund set aside in reserves. What that would be is 2.5 million. City of South Tucson only has \$440,000. That's it. So, yes, we have to make sure that we stay within our budget year over year, and that we can afford, we have enough money to afford the services that the City is providing. But along with that, we also juggle long-term commitments, which we're currently looking at about 19.3 million. These are long-term, but we have to make annual payments. So, we have a jail settlement that is due to Pima County currently sitting at \$715,000. We pay \$43,000. I just mentioned that here coming in a couple of months, we're going to make that payment to Pima County. We've got Waste Management. We've got one more payment left; \$45,000 and that's coming up next fiscal year and we paid at the beginning of the fiscal year. We also have our bond. Our bond is at 7.1 million. We pay \$600,000 a year. We still have 19, 20 years to go. And then unfunded pension liability; 11.5 million. This is very concerning. So there's a lot of factors that have led to this amount and I've presented on that in the past, a ton of factors. Nonetheless, when the City is unable to pay the required annual contribution, that automatically means the rates are going to go up the following year. And so how does the City catch up? Just to show you as an example, in the current fiscal year, here we have a contribution amount required by the Public Safety Retirement System. For 2018, Fire and Police, a total of \$858,000 is what was required. After we did the 30-year amortization and extended, so this was based on 20 years. After it was extended to 30 years, it went down to \$544,000. That's actually what the City paid or is set to pay, based on the budget, \$544,000. So, the City is already below. Coming up for the following fiscal year, this is based on the figures that I had previously presented in February on the baseline budget, so based on those figures, for 2019, Fire and Police, the total required contribution by PSPRS was \$791,000. Based on the 30-year amortization and the recommended rate, what the City had put in the baseline budget was \$693,000. This is for next year. That's still short. So how can the City get ahead? But the City is doing what it can to at least pay for services it's currently providing. Still, we're falling a bit behind. I thought that would be something of interest to you all. So, options. We go onto options. Let's talk about how cities and towns pay for their services. So, cities and towns fund their services through property tax, and also service fees, city sales tax. So when it comes to city sales tax, I just want to let you know, the City had not had significant increase in city sales tax until fiscal year 2014 and '15; had been quite a few decades without an increase. Business license fees also had not changed in about 30 years. When we revisited in 2015 and 2016, that's what we found. There hadn't been any increases in business

license fees; 30 years. So that's been already increased. Let's talk about property tax. So, when it comes to property tax, what the City of South Tucson collects in primary property tax is 1/6 of the rate that our surrounding sister city charges; 1/6 of the rate. But that's also governed by constitutional limits. There's secondary property tax as well. That's to pay off bonds and from time to time what you will hear other cities and towns talk about is bond initiatives for certain things. They want to build a building, they want to buy equipment for fire and safety, they want to do things like that. They take it out to the voters to ask for that. If the voters approve, then they can implement that tax. Service fees; service fees in our City Code, they are low. And actually, what needs to happen is an overhaul, pretty much, an update of quite a few sections with service fees in the City Code. But that's going to take a while. It will take a while because it requires a very lengthy overview, or review. State-shared tax, as I already mentioned, is based on the census population and that's distributed by the State. And economic development, that's always the focus. But it wasn't until 2013 that the big box ordinance was repealed; until 2013. However, it is a long-term plan. As we sat here and listened to Mr. Benny Young, these are all things that we have to be working on, but the fruits of all that labor will not come through next fiscal year or in 12 months, 18 months. Hopefully, they will but realistically. So, how are these types of measure implemented? So there's quite a few posting requirements that are required for any of these; city sales tax requires a total of 120 days for implementation, 60 days which require posting on the City's website and another 60 days for the Department of Revenue to implement. When it comes to business license fees, that only requires 60 days. When it comes to service fees, the same thing, 60 day posting requirement. When it comes to property taxes, the primary property tax, that's automatically brought to Mayor and Council every year and it's adopted by ordinance. It is also posted in the newspaper of general circulation, in accordance with State statutes. But it doesn't require any additional posting like these other items. A secondary property tax would require the approval of the people, of the voters. And so for that, the election would have to be called by June 30th. That is the deadline for that. So, what we've seen over the course of the years, we've already mentioned the things that the City of South Tucson has done recently. Since 2015, we've updated quite a few rates, sales taxes, so we've seen revenues come through but at the same time, we've seen a bit of decrease in some of the businesses. We've also seen cuts, cuts that have been made here at the City. Last year, the City had to cut, made cuts to the tune of \$653,000 to be able to satisfy a starting deficit that large. There was quite a bit of unfunding in the budget for this fiscal year. I think we've gone over that extensively with that deficit elimination plan that we've gone over. And I think I also, I gave you all a handout last meeting. Over the course of the years, since 2001, comparing staffing levels from 2001 to 2018, staffing levels have gone down by nearly half. Back in 2001, staffing levels were at 83, 83 full-timers. There are now close to 40. If the City wanted to restaff all those positions, what it would cost the City is 2.3 million dollars right now. Now, we multiply 2.3 million dollars and this is just a hypothetical equation, times seventeen years that have gone by, that's about 35 million dollars that the City has cut and saved. This does not mean that there's less work out there. It just means that the people that are left still have to carry all that extra work. So now, different options. These are all things that have been presented previously. One of the things that was presented previously, actually last fiscal year and the year before that, had to do with (inaudible) rental tax, which also requires a vote of the people. One of the things we highlighted at that point was that about 80% of the rental stock in South Tucson was rental. That increasing the rate approximately 4% would yield \$120,000 to \$140,000 a year. Another option would be to refinance the revenue bond that we have. That 7.1 million that we have outstanding for which we pay \$600,000 a year, refinancing that. Well, we could try that but it's been difficult when we've had to balance the budget and cut more and anticipate less revenues year over year. So, how does the City continue providing services with, you know, reduced funds? So, we've had to, we really have to

tackle this with a deficit, create a deficit elimination plan and a five-year sustainability plan. If we can achieve that, there may be some savings by refinancing. Or the third one is converting a portion of that revenue bond to a general obligation bond. Now, you all may have heard me say, just a moment ago, that cities and towns a lot of times take bond initiatives out to the voters for things like buildings, equipment, things that they can legitimately ask for. So, over the course of the years, the City has spent on things that are eligible; in Public Safety and also in Streets, related to the building and equipment that's been acquired. So, in the last couple of years, the financial advisors that the City of South Tucson has contracted with, who look at all these things, would also act as bond counsel, they researched and determined that maybe that's a possibility; converting a portion of the revenue bond, of the 7.1 million, to a general obligation bond, but that would require a vote of the people. But it would, if approved, it would provide a dedicated revenue source to pay down that long-term debt and reduce the annual payment. So let's take a look at that. Just like I mentioned right now, there's two types of bonds; there's the revenue bonds and there's general obligation bonds. Now revenue bonds are paid by fees like sales tax. Currently, the City's sales tax is intercepted by a bond (inaudible). The one that receives the payment for the bond, intercepts the City's taxes, makes sure that it takes that annual payment out. That's what pays for it, the city sales tax revenue. The general obligation bond are paid by secondary property tax. And I'd like to point out that this was presented briefly back in 2015. It was brought back to the table for presentation last year. But I'm going to be discussing or mentioning some figures here that may require some updating; things change, interest rates change, there's other things to consider for our advisors when coming up with these numbers. So, I just want to make that statement, that figures will require recalculation and update. So here's the City's bond profile, just to refresh your memory. As of June 30th of 2017, the debt was 7.1 million. The annual payment of \$600,000 paid from city sales tax. And so if the City could refinance the revenue bonds, then this would bring significant, we would require significant financial improvement. The City would have to show that on its own it could provide or sustain itself for at least 5 years. The other option is a general obligation bond. Are they a viable alternative? So, I just mentioned that in all this research, they determined at least 2.2 million of that 7.1 million was eligible for general obligation; 2.2 million. So, how would this translate? The numbers that they were using, I want to say from the start, can be adjusted. If this is something that Mayor and Council would like to entertain, because it does provide a dedicated revenue funding source, Mayor and Council can opt for different options, give us the scale of how much it would be at this rate, or this rate, or this rate, goes as low as you want, or as high as you want. But this is just based on whatever the calculated, so based on what they calculated, the average homeowner, it would cost them about \$6.57 a month. This, of course, would help pay down the long-term debt and it would help the City free up some of its General Fund to pay for the essential services such as community policing and emergency medical services provided by the Fire Department. And I know that our Interim City Manager here likes to pride herself and the City in that the City of South Tucson provides A-1 service, quick response times, less than five minutes. Going onto this chart here, just to give you a visual, this is what \$1.50 per \$100 value, a rate of \$1.50 per \$100 value for nine years, this is what it would do. It would provide savings or a dedicated source to pay for \$314,000 of the bond. So, we pay \$600,000 but with an option like that, that would cover \$314,000. So, obviously, that saves the City quite a bit. So now, the City's General Fund doesn't have to pay \$600,000. If it had a dedicated source through a secondary property tax, it would then only have to pay \$286,000. But then again, this is based on \$1.50. And as I mentioned, if this is something you all would like to entertain, it could be adjusted up or down. So the benefits, the benefits of these options are that they do not involve issuing more revenue bond debt. The City does not want any more debt. No more debt. What it does involve is it does free up capacity in the General Fund to pay for those essential services. Again, the current of 7.1 million in revenue bonds

could be restructured and reduced down to approximately 4.9 and the bond payment of \$600,000 a year, which is currently paid straight out of the City's General Fund, straight out of the City taxes, sales tax, would also reduce, freeing up money for use in other areas. There is a need, I think we all realize that, the City has been experiencing financial distress for quite some time. There is no, there are ways to provide relief, which I want to mention are not passed by Mayor and Council. They are ...

Councilwoman Rogers: (Inaudible).

Ms. Aguirre: ... approved by the voters. Mayor and Council simply authorize measures to be approved by the people or disapproved by the people. That's all Mayor and Council can do; to put it out for the people to decide. Should Mayor and Council want to entertain this, that's what I was referring to, the deadline to call an election for a measure like this would be June 30th. With that said, just a general chart of everything done and who it impacts. I think it's clear that not just one area can afford to absorb the full impact. The City of South Tucson, as you can see, has absorbed a lot through attrition throughout the course of the years. Also, the businesses, the businesses with increased sales tax, increased sales tax rates. Currently, the City of South Tucson has the highest sales tax rates in the region. These are just things for you all to consider. So, one thing that a lot of cities and towns do during the budget process and when they are considering different measure like this, is they form a Citizens Advisory Committee to work with city government, city staff, look at numbers, provide recommendations (inaudible). And so, that's also an option that is available to you all. With that said, I'm free to take any questions.

Councilwoman Rogers: Mr. Mayor, I was just waiting, Miss Lourdes, for you to say about the businesses would solve it all if we could get some people together to get the businesses in. The whole street, in 4th Avenue, where I've lived for 27 years, are all gone from the (inaudible) company to Micha's to Lou's Plumbing. I could name 20, including Discount Tire now and all kinds, just by us and I hear constantly if they raise taxes, there's no way we're coming. So, I mean I'm glad you mentioned at the end that we could do something about dying with, in terms of earning some money besides putting it to the people again to get them to pay more because we can't hold a business here. And that's all I have to say. I got more, but (inaudible).

Councilman Diaz: Mr. Mayor, how can we use the Home Rule to our advantage? I know that the budget was set and we really can't go over the budget after it's set, but using the Home Rule if we do have additional income, we can plug it in in certain areas exceeding the budget. So, is that an option (inaudible). I mean, the revenue, of course, has to come in, but (inaudible) that if we do get larger revenue that will impact the budget just that using a Home Rule for our advantage, you know, help quite a few (inaudible).

Ms. Aguirre: Yes, Mr. Mayor, Acting Mayor Diaz, the Home Rule Option is always available and it always helps. The City of South Tucson has done that for many, many years. And so, what it allows cities and towns to do, for those of you who might not know a lot about it, is it allows for cities and towns to exceed their budget cap past the recommended amounts by the State. But, of course, cities and towns can adopt their budget below based on the incoming revenues. But, yes, when that Home Rule Option is adopted and passed by the voters, it allows for an additional cap to be placed. And so if indeed when your additional revenues come in, or course, yes, the budget could be adjusted to accommodate that within the cap.

Councilman Diaz: Thank you.

Mayor Teso: Any other questions?

(No questions from the Council)

Councilwoman Rogers: Now can we move out of Study Session?

Mayor Teso: Thank you very much. At this point in time, I would consider asking the staff to see what they could do about setting up a Citizens Advisory Committee on the budget and I would ask maybe that each of the council members maybe submit one name for, as a member of the committee. Would that be possible at this point in time?

Ms. Moreno: Yes, Mayor, members of the Council. As soon as possible, you could submit your nomination. The budget here, moving forward, we have to bring the tentative budget to Mayor and Council the first week of June, so the sooner we can get your nominations to the Citizens Advisory Committee, that would be great. We will probably likely start setting up meetings as early as this week to go over, again, the material that Lourdes brought before you this evening, and we would like to come back with you by the next Council meeting. I know it sounds really quick here in my mind, but (inaudible) soon as possible because we have a really short timeline.

Councilwoman Rogers: Mr. Mayor, I don't think it's on the agenda for the Council to vote on establishing that. That's my opinion, seven council members. It's not on the agenda. I don't know, legally, you all can figure it out, the directive. 'Cause I've always been at the meetings out there in the public where they, I can see Mr. Larribas raising his hand, where they establish that by a vote of the Council, maybe four don't want to do that. Maybe seven do. But I think it's an agenda item. That's my opinion and I'd like to not be in trouble, if it's the correct thing to do.

Mayor Teso: Mr. Yu.

Mr. Yu: Mayor, Councilwoman Rogers, I agree with that. This can be placed on a future agenda as an agenda item for discussion.

(Simultaneous conversation)

Mayor Teso: Would you please add it onto the next agenda?

Ms. Moreno: Yes, I will.

Mayor Teso: Thank you.

Councilwoman Mendoza: Mr. Mayor, can I just get some clarification for my head? So what you're requesting is that we put on the agenda to vote to create the Citizen Advisory Committee?

Councilwoman Rogers: So anybody, Mr. Mayor, so that anybody could come in and say I'd like to be your chosen one, or whatever, they could come to Call to the Audience or whatever. But they don't know about it.

Mayor Teso: Right.

Councilwoman Mendoza: Yeah.

Councilwoman Rogers: So it's just not ethical, in my opinion. So, if it's a citizens, it's got to be a citizen's.

Councilwoman Mendoza: Okay.

Mayor Teso: I believe that's right. Do we need to make a motion on that?

Councilwoman Mendoza: No, because that's not on the agenda. Mr. Mayor, is there going to be, Interim City Manager, is there going to be any public forums that are held as far as like would that come before or after, if the City Council ever votes to put like any of these suggestions on the ballot as far as like a residential renters tax increase or other possible bond conversion? So would the public forums be before or after that?

Ms. Moreno: Mayor and Councilwoman Mendoza, they would come before.

Councilwoman Mendoza: So we would need to have ...

Ms. Moreno: Right.

Councilwoman Mendoza: ... schedule those as well. Okay. I guess 'cause I know when we brought up the rental tax before, I think that that was one of the biggest issues was that they felt blindsided by that. And so if we can get those scheduled.

Mayor Teso: Okay. Any other comments or questions?

(No comments or questions from the Council)

Motion by Councilwoman Mendoza to close the Study Session and convene into Regular Session. Seconded by Vice-Mayor Lopez. Motion passed unanimously.

ITEM #09 - REPORTS

Ms. Moreno: Mayor and Council, I have one report here before you. If you recall, I sent an email to you last week. I hope most of you read it. It was regarding Project PPEP, an organization here in the City, where the organization comes, has offered the City of South Tucson to have some of our abandoned properties, some of these properties have invited criminal activity or are abandoned, absentee landlords and there is just negative blight and negative element, negative activity that's been taking place at these properties. And they were here, they started here last week, cleaning up

the property at 248 West 32nd Street where the City has made many attempts to get in touch with the property owner over the course of, I would say, over a year where we have not been able to get in touch with the property owner, have asked for legal advice to see what we could do. But in the meantime, the problem continues where Public Works continues to board it up. The City spends its resources, the Police Department keeps going by. So what we've been able to do through the help of this organization, they actually pay for the materials and they pay for the manpower and what they bring along with them are youth who are trying to make their lives better. They're striving to learn work ethic. They have leaders that are working with them and working with our Public Works and Police Department. So I'd like (inaudible) Chief and Mr. Lopez here from our Public Works Department to talk about what they've done and at least two properties that they've cleaned up so far within the last week. The first one was at 248 West 32nd and the other was at 309 West 29th Street.

Chief Amado: Thank you, Madam Manager. Mr. Mayor, members of the Council, as the Interim City Manager said, this, the YouthBuilds project is through Project PPEP and it is an organization of at-risk youth, have either been in trouble with the law or they've had some kind of difficulties in their life, and the project and the organization brings them together to provide services to the community. This is something, as I mentioned I think at a previous Council meeting, that we've been talking about for some time, they offered to help us out with these properties at no cost to the City. It's a benefit to them. It helps the youth, it helps them give back, it helps them with their carpentry skills, it helps them with the landscaping, and of course, it helps us. I think the property at 248 West 32nd Street and, by the way, thank you, Vice-Mayor, Mayor, for coming out and seeing, you know, for the kick-off on that. They were very pleased to see that, very happy about it. We were very happy about it myself, Mr. Lopez. You know, they painted the building. They boarded it up, and I don't mean just slapped some plywood on it. They actually secured it. They painted that. They landscaped it. They power washed it. So they made it, even though it's an abandoned building, it's secured, it looks presentable. It's easier on the eyes as you drive by, rather than looking like an old abandoned house. The property they did on the 19th, which was the next day, was 308 West 29th Street. It was a little bit bigger project, took 'em a little bit longer. In fact, they have requested myself and Mr. Lopez to come back this Friday so they can finish power washing it and finish the painting. But even that property, if you drive by, it definitely looks better than it did before. They threw some (inaudible) on it, they boarded it, they cleaned it. We were there before they got there to, for lack of a better term, shoo some of the wildlife, you know, the kids, we wanted to be sure that they were safe there. We've been driving by. I think people have been, you know, they've been kind of walking by and stopping, but they keep moving on. Mr., I think it's Richard Lipton, who is the Project Manager Coordinator, has said as long as they have willing students and materials, they'll go through our list. And we have a list. You know, we have plenty of project for them to keep them busy for a while. They can do about two or three a month. That's doable for them, considering some of the other projects in their courses. And we welcome any kind of assistance that they can give us. So, again, they'll be back out to the West 29th property this Friday to finish that up. And then we'll give them the next property. And again, it's like the Interim City Manager said, it's based on properties that we've had issues that, I know there's some properties on East 35th, you know, 34th, that need to be attended to and they're willing to jump in and take care of things. So with that, if there's any questions about the project or.

Mayor Teso: Did anybody get stung by the bees?

Chief Amado: No, they were working around them. It was a concern of ours, actually. Mr. Lopez, Mr. Durazo, myself, Ray, all warned them, you know, and even the former resident (inaudible) said

that those bees have been there a long time. They were able to work around, no medical problems. Maybe a few blisters, but that's about it. A lot of hard work on their part.

Mayor Teso: Yeah, they were doing a lot of work out there.

Chief Amado: Yeah, it was, it was great to see them.

Mayor Teso: Appreciate the, that was a great project. I think we should continue with that.

Chief Amado: I agree.

Mayor Teso: As much as we can, as much as we can help.

Councilman Diaz: Mr. Mayor, I have another item for consideration in regards to the next agenda, agenda item. And that is that I'll ask the City Attorney to either look into the possibility of joining the lawsuit regarding small cities and towns in the formula for the Retirement Fund. Because there is a lawsuit on that going on now. But I'd like to either that or if we can't join it, just report that whatever is happening around that. That's okay?

Ms. Moreno: Yes. Is that Mr., Acting Mayor, is that the Hall case by chance?

Councilman Diaz: Excuse me?

Ms. Moreno: Do you have a reference? Is that the Hall case by chance?

Councilman Diaz: Not, no, I don't. I just know that it's going on, but I forgot the city name that's doing it. But League of Cities should be able to help you.

Ms. Moreno: Okay. Thank you.

Chief Amado: Mr. Mayor, members of the Council, I was remiss in not allowing Mr. Lopez to also go into his thoughts on the project and I apologize. He was out there, too.

Mr. Lopez: Good evening, Vice-Mayor, Mayor, Council members, my tone will be a little harsher and I'm sorry, but you know it's very frustrating to know (inaudible) behind closed doors all the time. You know, we board up a home, and come back next day, boards are off. You know, it's a, it's an ongoing activity that's, you know, it's like everything else we do here and I'm sorry to go a little further but there's times, you know, there's going to be a change made. And we become complacent when we see things and we see things, we look at it, and we look at things and how things are going up, and gotta make a change. We really have to make a change. I mean I'm not sure about you guys (inaudible) live next door to a drug dealer, next to a house full of needles. We see that every day. We see that every day and it gets very frustrating. When they come in here and board (inaudible) I did say, I did mention that we should go a step further and paint the homes and, you know, paint the yards because boarding up a house, we do that anyway. And the fact of the matter that my, you know, we were thinking, the Chief and I were thinking that if we went a little further, a step further, that somebody would take notice. And guess what? Somebody did take notice. And I was confronted by the owner of 248, which has been, you know, he's been in hiding forever. I did tell the gentleman and

he said that I had permission to be at the home. Well I told the guy I had every permission possible. What I did tell the guy is where have you been lately because you've been missing in action. I said I shouldn't be here talking to you. You should be down at the Courts. That being said is he was coming to pay all the liens that we have on the property, which I, you know, on the average, I think it's about \$5,000, \$7,000. (Inaudible) you know, Lourdes, the Finance Director, she keeps an ongoing lien accounts on the properties and I just think that it's time for us to take a change. You know, we, we just look at something and we see it, keeps passing by. But if it was your mother, your father, your children (inaudible) house, I guarantee you, we wouldn't like that. And it's time for us to take that extra step. And I think we have, with the attorney, and the attorney is actually, we've been working with the attorney now for the last couple of months and he's taking a different way of seeing things (inaudible) a little harsher. And Bobby, (inaudible) explain a little bit.

Mr. Yu: Mayor and Council, there are some legal options that we have not explored to the extent that we could have in terms of citations, in terms of bringing more cases here into South Tucson City Court and potentially even to Pima County Superior Court. I have been speaking to the other Department Heads regarding these options, especially for our most troubling properties, but even for ones that are a nuisance in our community and we provide updates on this further as we make more progress on those properties.

Mayor Teso: Thank you.

Mr. Lopez: This is how I explained to the gentleman at 248 West 32nd (inaudible) he kind of realized that we're for real now. (Inaudible) kind of explained the fundamental portion of it 'cause I don't know what the law (inaudible). And then he (inaudible) he kind of had (inaudible) but he did come in, he did come in and he wants to pay the liens and take the property over, start cleaning it himself. 'Cause I told him we're tired of babysitting his property for over 10 years now. And that's what we do with a lot of properties here and I think it's time for it to stop, and take a whole different way of looking at things. And this is one.

Councilwoman Rogers: No, thank you though.

Mr. Lopez: Thank you. But we do need that backup. (Inaudible). Thank you.

Mayor Teso: I do have a question. I was wondering do we have any plans for following up, I mean making sure that these houses stay boarded up and, you know, just go through there and look at the property over again, do a walk through there?

Chief Amado: So, on the part of the Police Department, yes. That's one thing that we discussed is just when we have our meetings, we were talking about how we have these Band-Aid type solutions to some of these issues. We want to be sure that with this, especially since the kids worked so hard at this, that we follow-up and we make sure that the boarding stays up. So, the officers know, the Commander has been told, you know, to let the Sergeants know these properties need to have, of course, you know, time and calls permitting, regular check-ups. And when I say regular check-ups, I don't mean just drive around it. I mean stop, park, get out, walk around, and see if any of those have been, you know, any of the boards have been taken down.

Mayor Teso: Thank you.

Councilwoman Rogers: Mr. Mayor, is, are they finished so that I can talk under Reports? I think Ms. Moreno said that whenever you need to tell people something, you go under Reports.

Ms. Moreno: Yes, Mayor, Councilwoman Rogers.

Councilwoman Rogers: Are you finished?

Ms. Moreno: Unless there's anything else the Public Safety Director or Mr. Lopez would like to add, I believe that's it.

Chief Amado: Yeah, we're done.

Ms. Moreno: For this particular report.

Councilwoman Mendoza: Mr. Mayor, I have something that I just want to say real quick regarding this issue. Obviously, we need to thank the kids and that program and show our appreciation in going a step further than just saying thank you at a Council meeting because I think, you know, we need to show that we want them here and for them to be able to come back time and time again. Because to me, the bigger issue is that they're serving us the back-up to free up our Public Works Department from having to do this nuisance time after time, and time again. Meanwhile, they have ten pages of things that they're supposed to be getting done every day. So, you know, as serving as a back-up to our Public Works Department, this is like a huge, huge asset that we have in this youth group who comes and does this. So, I think that we as, you know, as City and as a Council, we need to show our appreciation a little bit step further other than just thanking them. I don't know, you know, appreciation day or something for them, some kind of notice that that's bigger than just a thank you on record. But with that said, you have my complete backing as a Council member in that I completely agree with that there needs to be some sort of accountability for these homeowners because it's taking away, not only from our Public Works Department every single day, it's taking away from our Police Department, it's taking from our Public Safety. And that's just not okay. And if they've been going 10 years and plus on some of these properties where they haven't seen any repercussions at all, that's just not okay. I mean we need to be on top of this, so I mean, Mr. Yu, you know, we need to make this, you know, a priority as far as, you know, for the City Attorney, you know, under your job description, to make sure that we're holding these sort of absentee homeowners and landowners, property owners, accountable all the time to where, you know, I don't know if we can intercept their yearly refunds or, you know, whatever we can do, but we need to make sure that we are going after these people because we cannot afford, at this point, having our Public Works doing board ups every other day, or our Police Department going on foot with only three police on duty, or two police on duty at one time. It's just not something of a luxury that we have right now. So, we just can't afford to have it go any bit longer than, I mean it should've never went 10 years, or more than that, so that's all.

Mayor Teso: Thank you.

Mr. Lopez: Excuse me, if I may, Councilwoman Mendoza, members of the Council, Mayor, I'm with you. (Inaudible). There's a time (inaudible) close this problem once and for all. That's what the attorney (inaudible) ongoing, it's not, you know, it's not good for anybody. We've talk about economic

development, we talk about, you know, making a better city, better image, you know, we sit there and make all the excuses we want, but you know, I know that that property, the way it sits, sits on money. The property is worth money. You know, if it's sold, it's worth money. If it's knocked down, it's worth money. Give me the, give me the go, and I've knocked a property before, and I've knocked an old, I mean that (inaudible) a problem for 20, 30 years. We were able to knock it down and then, you know, it's been hauled away. It's now vacant. It looks a lot better. Nobody can hang out there any more. If they do, we could see 'em. They're every easy to see, so again, it's, we have to think, resolve (inaudible) and we gotta start thinking outside the box. 'Cause there's a bunch of things that we could do here and we just have to (inaudible) get permission and no excuses. No excuses. And I will guarantee you that things will become (inaudible). (Inaudible) the main component of what we do here (inaudible), you know, we talk at meetings together, and his approval is the authority. He gives it to us and, you know, he's the attorney (inaudible). Once he gives us the okay, we'll (inaudible).

Councilwoman Mendoza: Thank you.

Councilwoman Rogers: Okay. Mr. Mayor, (inaudible) my report. It's important to me. It's the Ms. Chico, Marilyn Chico, I've completed and I want it on record, in the minutes, that I've completed my Commissioner's training. And I will get that to her so she has something physical that she can show the people if there's an audit. So I get to join Ms. Mendoza on being trained. That's one item. The next item is I do, I'm going to be having office hours at my office probably Tuesdays and Thursdays. I have someone coming tomorrow. And the third thing is are Ms. Men-, no, not Ms. Mendoza, I know your name, Moreno, Ms. Moreno, I'm so used to calling her Veronica, Ms. Moreno, are we still, or do you know if we're having our, I've been talking to the League of Towns Cities all week. Are we having our workshop May 2nd?

Ms. Moreno: May 7th.

Councilwoman Rogers: Oh, 7th. Okay. And what, do you know the time for that?

Ms. Moreno: It will be during, 6 o'clock.

Councilwoman Rogers: Okay. Very good. That's it on my reports.

Ms. Moreno: So that will, that Monday is not a regular scheduled ...

Councilwoman Rogers: Right, ...

Ms. Moreno: ... meeting. It's ...

Councilwoman Rogers: ... it's the ...

Ms. Moreno: ... a Special ...

Councilwoman Rogers: ... first Monday of ...

Ms. Moreno: ... Meeting.

Councilwoman Rogers: ... the month, right?

Ms. Moreno: And that is the reason why I asked them to ...

Councilwoman Rogers: Right.

Ms. Moreno: ... come down that day. However, I think I may have another item on that day. But aside from that, we will have the League down to give their training.

Councilwoman Rogers: Oh, good. Thank you.

Mayor Teso: Any other reports?

Councilman Diaz: Okay. I do, sorry. Micha's is having a, excuse me, Mr. Mayor, Micha's is having a fundraiser May 4th at the El Casino Ballroom. I don't know the time exactly but they are having it. And the other one is another agenda item that I'd like to include, and that's the addition of another item before the approval of minutes, and that's for Council Reports. That would satisfy Councilwoman Vanessa Mendoza's, for example, if she wants to give awards or has a presentation regarding the people that participated in the community. And even if the item is there, we don't really have to have any other kind of reports but it would be nice to have it in there.

Councilwoman Rogers: Yeah, no one stays ...

Councilman Diaz: Thank you.

Councilwoman Rogers: ... for Reports.

Mayor Teso: Any other reports?

(No reports from Council)

ITEM #10 – ADJOURNMENT

Motion by Vice-Mayor Lopez to adjourn the Regular Meeting. Seconded by Councilman Diaz. Motion passed unanimously. The meeting adjourned at 8:15 p.m.

Mayor

ATTEST:

Veronica Moreno, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the City Council of South Tucson, Arizona, held on the 23rd day of April, 2018. I further certify the meeting was duly called and a quorum was present.

Dated this _____ day of _____, 2018.

Veronica Moreno, City Clerk